MARITIME TELEGRAPH & TELEPHONE COMPANY LIMITED ANNUAL REPORT 1969

AR52

1969 annual report to the shareholders

MARITIME TELEGRAPH & TELEPHONE COMPANY LIMITED

Incorporated under the laws of the Province of Nova Scotia

Head Office: 1520 Hollis Street,
P.O. Box 880, Halifax, Nova Scotia, Canada,
Telephone (Area Code 902) 424-4541

This 1969 Annual Report covers operations of the Company in its 60th year of serving Nova Scotia.

Modern communications technology enables central office technician to check customer's line using "plug-in" line circuit card, thus speeding up maintenance.

CONTENTS

The annual general meeting of the shareholders of Maritime Telegraph and Telephone Company, Limited will be held at the Head Office of the Company, 1520 Hollis Street, Halifax, N.S., on Tuesday, the 31st day of March, 1970, at twelve o' clock noon.

STOCK TRANSFER OFFICES **Maritime Telegraph and Telephone Company, Limited,** 1520 Hollis Street, Halifax, N.S. **Canada Permanent Trust Company** 625 Dorchester Blvd. West, Montreal 1, Que. **Canada Permanent Trust Company** 34 King Street West, Toronto 1, Ont.

STOCK REGISTRAR: The Halifax, Montreal and Toronto offices of Canada Permanent Trust Company are registrars of common shares of the capital stock of the Company.

COMMON SHARES LISTED Montreal Stock Exchange Toronto Stock Exchange

from the President...

Overshadowing all other events of 1969 was our decision to seek revisions in telephone rates which would yield a more adequate return on our investment. Results of public hearings on our application had not been made known before this report was prepared for publication.

Our business is to provide the best possible communications service at lowest possible cost. To meet this goal, we best serve the public by maintaining in proper balance the interests of our customers, our investors and our employees. Under existing conditions this is no easy task. Whether you belong to one of these groups — or all three of them — our belief is you will be interested in the year's results as you read the story of our progress in the following pages.

Our customers have received improved services and a wider array of services to meet their growing, varied and complex communications needs at reasonable rates.

Our investors, particularly our shareholders, have a right to expect some improved tangible reward for their part in the Company's progress, when financial conditions permit. The task of meeting the demand for service has been made increasingly difficult by the rising costs of money, labor and materials.

Our employees have the interest and skill to ensure the success of our business. They have been rewarded for their efforts with wages, salaries and benefits in good relationship with comparable industry in Nova Scotia. They have opportunity for personal growth and advancement in our Company.

As we move into the 1970's, it remains our conviction that the key to an increasingly-effective communications network lies in the provision of facilities which have the capacity to provide a wider range of telecommunications services than heretofore. Our applica-cation for a license to provide community antenna television to customers in Nova Scotia is an example of this. The same network will ultimately provide sophisticated information retrieval systems such as home-to-library, office-to-computer, and customer-to-bank.

Ultimately, our ability to make continued progress will depend on people — customers, investors, employees and the public at large — and their understanding that the interests of each group must be in balance. To achieve this balance means that the Company must give equal consideration to good service, good earnings, good employee morale and good public understanding.

A. G. Archibald

February 2, 1970

in the midst of inflation, we advance service

In the midst of obvious inflationary trends during 1969, the pace of economic life in Nova Scotia was on the upswing. Unemployment levels dropped below 1967-68 levels, housing starts were up by more than 150%, and general construction spending was up by almost a third. The resulting demands for service required us to spend $17.7 million for land and buildings, central office equipment, cable, lines, telephones and other communications facilities.

More Telephones — We grew by some 12,800 telephones, although this "bare bones" statistic by itself tells only part of the story. In ten exchanges 78,000 of our customers received additional flat-rate calling between adjacent communities. In five exchanges another 2,600 customers had monthly mileage charges eliminated by enlargement of Base Rate Area boundaries. We continued with the program of assuming responsibilities of rural connecting companies. Two exchanges serving several communities were converted to dial service. Our program to reduce the number of parties sharing rural lines was continued.

By the end of the year, there were 269,211 telephones in service, a gain of 69.2% over 1959. Of every 100 households, 88 had a telephone, an increase from 66 ten years ago. Residence extension telephones in the same ten-year period increased by 16,428 to 17 per 100 residence main telephones, compared to 11 in 1959. Overall the "telephone population" grew to 35.2 sets per 100 people; ten years ago it was 23.2.

New Services— Our customers continued to show wide acceptance of Touch-Tone push-button telephones, and total sales since their introduction in 1968 rose to 2,875. Late in the year the Canadian-designed Contempra telephone, in both dial and Touch-Tone models, was introduced. Sales at year end had totalled 1,222, ahead of forecasts. Our mobile exchange service, enabling customers to place and receive telephone calls from their vehicles, continued to expand during the year. By the year end, the available capacity had been subscribed, and plans made to increase this during 1970.

All Nova Scotian radio and television stations receiving network service do so over Company facilities. During the year additional TV network facilities serving the South Shore area were being built by us for use by the Canadian Broadcasting Corporation. Contracts to extend CBC French radio network programming to the northern Cape Breton Island area were also signed, with service to commence early in 1970.

In the Halifax-Dartmouth metropolitan area, telephone, radio and television closed circuit networks were provided for the highly-successful first Canada Summer Games; these included six special switchboard positions at four locations with 142 locals, four television links, 120 audio circuits for both radio and TV coverage of the various Games events, and 123 auxiliary items.

Two major customers were provided with modern Centrex exchange equipment to permit direct in-and-out dialing, conference and transfer calling; one of these, comprising 1,033 Federal Government telephones, was also provided area-wide flat rate long distance calling to government offices in Ottawa.

Greater Calling — Our six-point program for modernization continued at a somewhat abated pace, because of the slowdown in spending caused by the ever increasing costs of capital. Nevertheless by year end overall calling had exceeded 537 million messages, long distance calls rising to 13.9 million.

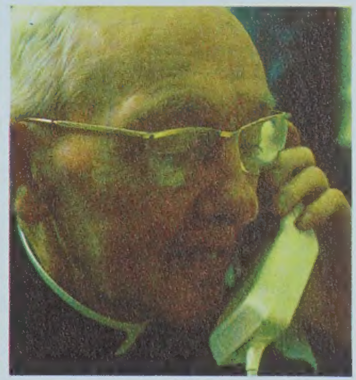
More than 65% of all telephones are now in Extended Area Service plans with flat rate calling between nearby exchanges; and 90.5% of all telephones have dial service. Calls averaged 1,603,100 a day, an increase of 5.6% over 1968, and long distance calling averaged 41,494 daily, an increase of 6.0% over a year ago. Sixty-two point five per cent of all telephones can now Direct Distance Dial long distance calls. With construction well underway on the $7.5 million addition to the Halifax Toll Centre on North Street, this percentage will rise when telephones in the Truro area are cut in to the DDD network in early 1971.

At mid-year we introduced the term "Directory Assistance" to replace the time-honoured "Information" in an effort to reinforce use by the telephone customer of his directory. In most exchange areas, more than two thirds of calls for information have traditionally been for numbers already listed in directories. The well-publicized Directory Assistance program has been designed to reduce this practice as much as possible.

At Halifax, we completed one of the final links in an expanded EAS plan for the metropolitan and surrounding area. Completed over a period of years at a cost close to $3 million, the project brings flat-rate "core-calling" — or calling to and from outlying areas — to the largest population segment in Atlantic Canada. More than 7,700 customers in Chezzetcook, Prospect, Bay Road, Sackville, Waverley and Bedford now have long-distance charges eliminated to the Halifax-Dartmouth area's 66,000 customers, instead pay the same monthly exchange rate as customers within the two cities.

Left: *Working high in the air, cable splicers like this one above Port Hawkesbury's main street completed projects to promote rapid growth in telephony in most Nova Scotia communities.*

Right: *At ceremony attended by Company and Federal Government representatives, "Mill Village II" — commercial version of the experimental earth station on Nova Scotia's south shore — is officially inaugurated; special guest Father W.M. Burke-Gaffney uses Contempra Touch-Tone set to call United Kingdom via satellite.*



our network grows in usefulness

We again experienced a period of major growth, and during 1969 we created a new Planning function at the executive level to advance our planning for maximum use of new technology. Long range planning has never been more vital as new developments in technology are coupled with the increasing complexity of customer needs. Operations research techniques, aided by computers, are used to assess ways to improve service. This assists our Business Information System group in the application of large-scale electronic computers to the day-by-day operations of the business.

Left: *Part of Halifax-to-Charlottetown heavy route microwave, this 12-foot diameter weather-proofed microwave "dish" is being raised to top of new tower at Hilden, near Truro.*

Right: *Near Caledonia, lineman uses plumb line for accurate placement of new poles carrying telephone service to Canada's newest national park at Kejimkujik.*

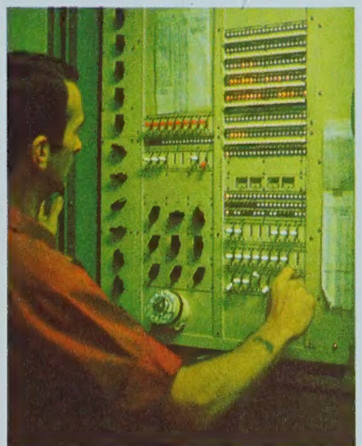
Our investment to ensure expansion and improvement of telephone and telecommunications service for our customers' growing requirements was $17.7 million. This total was comprised of three components. Just to continue the day-to-day communications job at current levels, without any growth or expansion, cost $3.5 million. Besides this replacement expenditure, we invested $2.5 million in service modernization programs to bring in new facilities and services to as many customers as possible; these included the dial conversions, EAS plans and BRA enlargements, and other projects, referred to earlier in this report.

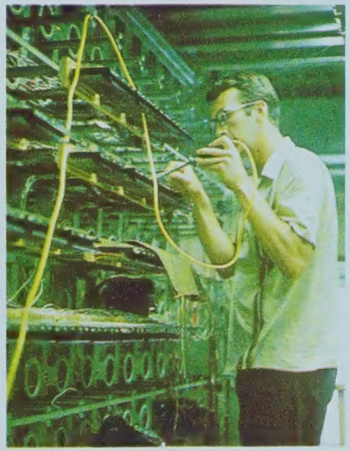
The major component of our construction expenditures, however, was growth money — the funds we spent to enlarge our facilities to meet ever-increasing service needs. Far and away the largest part of our program, this amounted to $11.7 million. As our more densely-populated areas become more mobile, the demands for moves and changes grow appreciably. During the year we disconnected more than 47,000 telephones and connected more than 60,000, for a net gain of 12,800. Weighted against our past investment over the years, this raised our plant investment per telephone to $639. Ten years ago this investment per telephone stood at $415.

Highway construction and re-routing required the expenditure of $260,000 to relocate telephone poles and wire. At the same time, we continued our long-range project of burying as much wire or cable as possible or placing it in underground conduit; more than 250 miles were completed during the year. Major underground conduit was installed at Port Hawkesbury, Halifax and Dartmouth.

Left: *Checking maintenance centre at a modern switching centre, central office technician spots potential trouble sources; if necessary, he obtains permanent read-out of trouble pattern using recently developed fibre optics to enlarge and record light signals from narrow, perforated tape.*

Right: *Individual wire-pairs serving business and residential customers lead to central office racks where "jumpers" to switching machine complete the circuit.*





Individual wires for hundreds of new dial customers are spliced under weather-protecting transparent tent prior to dial conversion for Pubnico exchange, western Nova Scotia.

Finally, a major network improvement project linking Nova Scotia to Prince Edward Island was nearing completion at the end of the year. Since 1948, when an industry-pioneering overwater microwave first linked the two provinces, transmission quality had periodically been affected by temperature inversions over the Northumberland Strait portion of the route. Our new "heavy route" microwave was in partial use during 1969, and will go into full service in 1970.

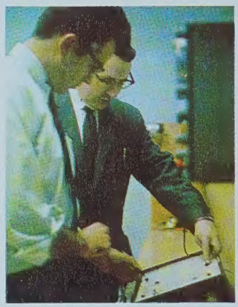
dedicated telephone people at work

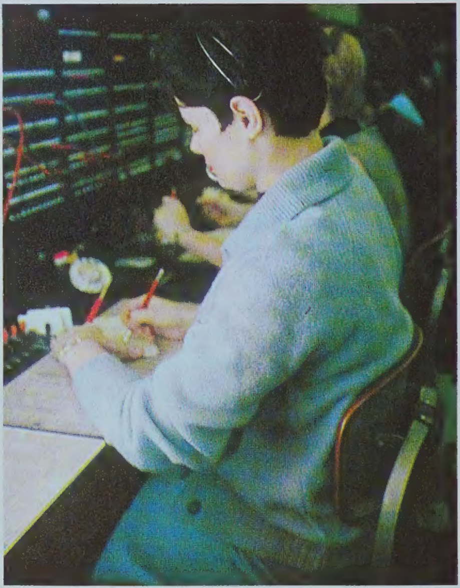
The provision of good telephone service depends primarily on the skills and dedication of telephone people. In 1969, they showed their dedication to service in emergencies and their concern for customer satisfaction in their day-by-day activities within the Company. In addition they took part in community activities as well as charitable and civic betterment endeavors. In a more personal way, a great many took advantage of both on-the-job and out-of-hour educational courses. Increased emphasis was placed on setting and meeting individual goals in line with the Company's objectives, and enlarging the job responsibility of those in regular contact with the public.

During the year, many employees advanced to more responsible jobs: Eight went to higher craft jobs, 27 from non-management to management, and 11 moved to higher jobs within management. As in the past, our aim was to hire and promote the best qualified people without regard to race, religion or national origin.

Our business sales staff, whose job it is to ensure that the business customer receives the service he wants, when he wants it, had more than 30,000 business contacts during the year which resulted in 6,100 sales producing an estimated additional annual revenue of $973,000. A team of Yellow Pages advertising sales personnel, travelling from area to area as each of the four district directories went into production, had revenue increases over 1968 of 9.3% for a record total for any single year of $710,600.

Installers and repairmen in the Plant Department responded enthusiastically to an incentive sales plan which starts with the "silent





Upper Left: *Instruction in electronic circuitry is given employee-student using modern, programmed training techniques.*

Lower Left: *Hard-of-hearing youngsters at inter-provincial school for the deaf, Amherst, utilize MT&T prototype picture phone in successful experiment to augment speech therapy aids.*

Right: *Using "mark sense" cards which go directly to the Company's computer, Truro long distance operators complete details of customer calls. For first time in Canada, telephone customers now receive fully computer-printed monthly statements.*

salesman" — a colored telephone — being carried into the customer's premises on every visit. Results of this plan were excellent; sales for the year totalled $204,000, compared to $170,000 in 1968. In our business offices, where clerical and teller staff meet our customers, sales of extra services during the year amounted to $37,000 in additional yearly revenues from 2,400 sales items.

Our Telezonia program, aimed at school-age youngsters to train and encourage efficient and courteous telephone use, reached more than 1,500 students in seven schools; this program combines both audio and visual aids and is carried by the classroom teacher who has first been made familiar with its use by our Service Advisors.

Throughout the province, an estimated 14,000 persons in 560 organizations viewed professionally-produced films on telephone courtesy and films of a more general nature. Wherever possible, our people accompanied these films and made introductory presentations to the viewers, who included municipal, provincial and business employees. Telephone courtesy booklets and miniature "personal directories" were distributed as well.

Vital contacts with telephone customers are these Service Representatives, responsible for assembling, organizing and dispatching to operating departments details of customer requests for moves, changes and additions to telephone service.

Telephone people everywhere in North America who achieve 21 years of service in the industry are eligible to become Telephone Pioneers, and members of the Acadia Chapter continued during 1969 to serve their communities in line with the community service goals of their organization. There are more than 690 Pioneers, both employed and retired, and their efforts resulted in numerous presentations of teaching and self-help aids to blind and retarded children. One unusual device was a playable baseball equipped with a sound transmitting device enabling sightless youngsters to play ball.

Telephone people performed their work more safely in 1969. There were .83 accidents for each 100,000 driver-miles, compared to 1.2 in 1968; the national average for the year was 1.05. There were 599 safe-driver awards.

wages, benefits and saving for the future

During the year our Company concluded a two-year agreement with the International Brotherhood of Electrical Workers which represents 640 male craft employees, providing for wage increases as well as some changes in working conditions. The agreement continues until mid-1971. In December the first formal agreement was signed between the Company and the Telephone Employees' Association. The Association represents 546 clerical and female house service employees.

At year end, negotiations were continuing with the IBEW local representing 700 operators, members of the Traffic Department staff. Agreement had not been reached, and a conciliation officer of the Department of Labor was seeking to reconcile remaining differences between the bargaining parties.

At the year end, there were 2,469 employees overall, compared to 2,474 in 1968. Salaries and wages amounted to $14,000,789 compared to $12,851,222 in 1968. The Company pension fund, held in trust by Canada Permanent Trust Company, was added to by the Company in the amount of $810,503 and totalled $16,062,778 at the end of the year. The amount of $494,756 was distributed to 275 service pensioners.

Other benefit payments, including payments for sickness and accident disabilities, death benefits, group insurance and Blue Cross Supplementary Hospital insurance, totalled $318,158. These, in addition to the pension payments, cost 8.1% of the Company pay roll.

Non-voluntary benefit payments included $170,623 paid by the Company into the Canada Pension Plan; $308,265 in Old Age Security Tax; and $118,243 in Unemployment Insurance. All benefit costs, voluntary and other, totalled $1,725,792, or 12.3% of the total pay roll.

In April, we revamped entirely the employee health and insurance benefit plan, in order to integrate these benefits with the introduction of medicare for all Nova Scotians. A co-insurance, deductible plan was provided whereby employees could, at their choice, provide for the cost of medicare, including the cost of prescribed medicines. As well, rates for term insurance were reduced, and additional full life insurance, and additional death and disability insurance, were made available at group rates. A Company-paid salary continuance plan replaced the disability insurance plan.

Close to 1,400 employees continued to save for the future by participating in the Stock Savings Plan. As well, employees purchased $214,000 in Canada Savings Bonds through the pay roll deduction method.

summing up

ORGANIZATION CHANGES

Alexander H. MacKinnon, Chief Engineer since 1964, was appointed to the position of Vice-President – Planning on January 1. Succeeding Mr. MacKinnon as Chief Engineer was Donald L. McEachern.

Edward J. Hicks, General Accountant and Statistician, was appointed Treasurer, effective May 1, to replace Stuart P. Conrod who had held the post of Treasurer since 1947 and who retired after 42 years of service with the Company.

Frederick M. Waller, Executive Assistant, was appointed Secretary and Executive Assistant on June 17, following the resignation of A. James Unsworth, Secretary and General Counsel, who joined a firm in his native New Brunswick.

On September 1, Donald W. Myers, Vice-President and General Manager since 1966 was appointed Executive Vice-President. W. Struan Robertson, Vice-President – Finance since 1966, was appointed to the position of Vice-President – Operations on the same date following his return from a two-year assignment on loan to Bell Canada.

A LOOK AHEAD

As this report has shown, we have accomplished much during 1969 under difficult conditions. At the same time we have proceeded with plans for continued major expansion of communications facilities for 1970, and the years ahead. In the 36 months from now to the end of 1972 it will be necessary to expend approximately $62 million in capital funds in order to continue to provide Nova Scotians with a modern, up-to-date telecommunications service in keeping with the economic progress of the Province generally.

This is an unprecedented rate of investment in communications in our 60-year history. Yet it is our belief that only by provision of high quality and abundant communications – which in turn spur economic growth for our province – can we meet the challenge of the coming years. This challenge, however, can only be met if our Company has the earnings to attract the large amounts of capital needed to bring these communications into being.

I am confident that continued progress will be made while we safeguard the financial integrity of our business, fulfill our corporate and individual responsibilities to society, ensure creative and innovative management of our jobs, and provide the finest quality and widest variety of communications services our skills and know-how make possible.

A. G. Archibald

President

For the Board of Directors
February 2, 1970

the financial story

Nineteen hundred and sixty-nine was a year of growth, although at a somewhat slower pace than in the past. Construction Program expenditures were $17.7 million, 7.4% less than in 1968. Growth in the number of customers and in the volume of long distance messages resulted in an increase in operating revenues of 9.0%. However, operating expenses increased at a faster rate and were 12.2% higher than in 1968; in addition, fixed charges increased by 16.5%. As a result, earnings per average common share, which for 1968 were $1.41 after adjustment for income taxes, were $1.36 and the return on invested capital decreased from 7.0% to 6.8%. The increase in operating expenses is partly attributable to new depreciation rates which were approved by the Board of Commissioners of Public Utilities for Nova Scotia effective January 1, 1969. Series "O" 8¼% First Mortgage Bonds due in 1977 were issued during the year; these bonds are exchangeable from December 1970 to December 1975 for Series "P" Bonds at the same interest rate to mature in 1990. This financing has resulted in an increase in our fixed charges, so that the time charges earned before taxes has dropped from 5.1 to 4.5.

Rapid flow of customer account information is ensured by use of Company teletypewriter exchange network (TWX); here Truro teller puts up-to-date information on perforated tape for quick transmission to Head Office computer.

At the end of 1969 our telecommunications plant stood at $172 million which represents $639 per telephone. The long-term debt of $52 million is 44.4% of all capitalization and the common equity per share is $16.89, up from $16.69 (1968 adjusted figure).

Dividends at the rate of $1.10 per share were paid to the common shareholders. This represented a pay-out ratio of 81.0% compared to 78.2% in 1968.

The Company's internal funds generated by operations (sometimes called "cash flow") increased from $14.5 million in 1968 to $15.1 million in 1969. This increase is a result of increased operating revenues and does not take into account the increased depreciation accruals which are not a part of the cash flow.

The Company has made a change in the application of accounting principles which is reflected in the financial statements for 1969 and also in the comparative figures for 1968 (see Note 6). The principle is that deferred income tax arises from timing differences with respect to pension and interest charged to construction. Prior to this year these timing differences were not shown in the accounts. For this reason, figures in The Years in Review have been adjusted to show the applicable portion of the deferred income taxes in each year.

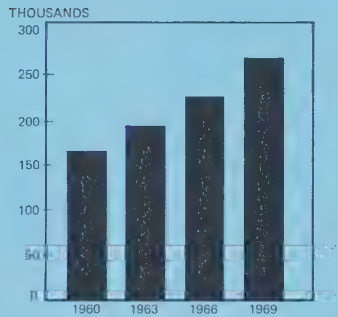
at a glance

	1969	1968
Financial Position		
Telephone Plant	$ 172,101	$ 159,475
Accumulated Depreciation	42,767	38,490
Investments	1,977	1,977
Current Assets	9,455	8,238
Deferred Charges	705	519
Shareholders' Equity [2]	65,147	63,550
Long-Term Debt	52,000	46,000
Current Liabilities	10,445	9,584
Deferred Credits [2]	13,879	12,585
Income		
Revenues	$ 38,390	$ 35,208
Expenses	25,231	22,484
Other Income	265	415
Fixed Charges	2,958	2,538
Income Taxes [2]	5,282	5,295
Net Income [2]	5,184	5,304
Statistics		
Telephone Plant per telephone [1]	$ 639	$ 622
Debt Ratio	44.4%	42.0%
Common Equity per Share [1,2]	$ 16.89	$ 16.6[illegible]
Times Charges Earned (before taxes)	4.5	5.1
Earnings per Common Share [1,2]	$ 1.36	$ 1.41
Return on Invested Capital [2]	6.8%	7.0%
Telephones in Service [1]	269,211	256,388
per cent Dial	90.5%	90.1%
Construction Program Expenditures	$ 17,748	$ 19,166
Calls	537,030	508,569
Long Distance Messages	13,901	13,112

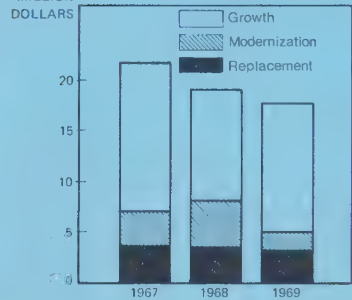
(1) All figures in thousands except where noted

(2) Restated to show applicable adjustment for Deferred Income Taxes (see Note 6)

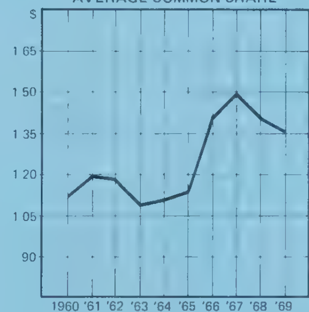
TELEPHONES IN SERVICE



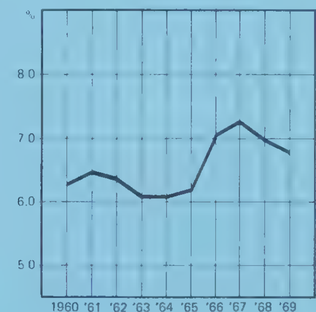
CONSTRUCTION EXPENDITURES
1967 — 1969



EARNINGS PER AVERAGE COMMON SHARE



RETURN ON TOTAL CAPITAL



STATEMENT OF FINANCIAL POSITION

As at December 31, 1969

(With Comparative Figures as at December 31, 1968)

ASSETS

	1969 $	1968 $
TELEPHONE PLANT		
Depreciable Telephone Plant in Service	167,070,557	156,051,851
Other Telephone Plant (Note 1)	5,030,641	3,423,337
	172,101,198	159,475,188
Less Accumulated Depreciation	42,767,371	38,489,657
	129,333,827	120,985,531
INVESTMENTS		
Investment in Subsidiary (Note 2)	1,873,210	1,873,210
Other Investments	104,015	104,015
	1,977,225	1,977,225
CURRENT ASSETS		
Cash	584,816	641,225
Due from Subsidiary	55,988	88,122
Accounts Receivable	5,944,973	5,505,799
Special Refundable Tax	35,016	348,335
Materials and Supplies, At Cost	2,539,776	1,410,981
Prepayments	294,442	243,379
	9,455,011	8,237,841
DEFERRED CHARGES		
Unamortized Discount on Long Term Debt	356,019	323,551
Other Deferred Charges	348,519	195,154
	704,538	518,705
	141,470,601	131,719,302

LIABILITIES AND SHAREHOLDERS' EQUITY

	1969 $	1968 $
SHAREHOLDERS' EQUITY		
Common Stock (Note 3)	37,674,370	37,195,360
Premium on Common Stock (Note 4)	13,985,930	13,816,861
Retained Earnings	11,986,952	11,037,610
	63,647,252	62,049,831
Preferred Stock (Note 3)	1,500,000	1,500,000
	65,147,252	63,549,831
LONG TERM DEBT (Note 5)	52,000,000	46,000,000
CURRENT LIABILITIES		
Bank Loan	2,400,000	5,000,000
Short Term Notes	1,250,000	—
Accounts Payable	4,409,587	1,948,321
Income Taxes Accrued	447,823	829,444
Interest Accrued	587,136	566,510
Dividends Payable	1,062,327	1,049,146
Other Current Liabilities	287,828	190,932
	10,444,701	9,584,353
DEFERRED CREDITS		
Deferred Income Taxes (Note 6)	13,502,217	12,231,030
Employees' Stock Savings Plan (Note 7)	343,768	324,662
Other Deferred Credits	32,663	29,426
	13,878,648	12,585,118
	141,470,601	131,719,302

On behalf of the Board: A.M. MacKay, Director; A.G. Archibald, Director

(5) **Long Term Debt** – First Mortgage Bonds –

Maturing		Series	Rate	Principal
March	15, 1971	G	3½%	$ 5,000,000
April	1, 1971	D	4%	1,000,000
July	2, 1972	F	3%	3,000,000
July	2, 1972	H	4½%	2,500,000
May	1, 1975	I	3¾%	3,000,000
July	1, 1976	E	3%	2,000,000
June	15, 1977*	O	8¼%	6,000,000
September	15, 1978	J	5¼%	3,500,000
November	1, 1980	K	5½%	4,000,000
June	15, 1983	L	5½%	5,000,000
May	1, 1985	M	5½%	7,000,000
March	15, 1987	N	6½%	10,000,000
				$52,000,000

* During the period December, 1970 to December, 1975, Series O Bonds are exchangeable for Series P Bonds, maturing December 15, 1990, at 8¼%.

(6) **Deferred Income Taxes** – Deferred Tax Accounting has been followed with respect to all timing differences. Minor timing differences over the years resulted in deferment of taxes amounting in total to $911,648 up to December 31, 1968, for which retroactive provision was made during 1969 in the Retained Earnings Account. Comparative figures for 1968 have been restated to show this adjustment.

(7) **Employees' Stock Savings Plan** –

Balance, December 31, 1968		$324,662
Add: Contributions, including interest	$667,185	
Less Capital Stock issued to employees under the Plan	648,079	19,106
Balance, December 31, 1969		$343,768

Generally shares are issued on the completion of 12 months of contribution at a price equivalent to 75% of the average market price of the stock.

(8) **Miscellaneous Operating Revenues** – principally from directory advertising and circuit rentals.

(9) **Depreciation** – charged under the straight-line method using component depreciation rates as approved from time to time by the Board of Commissioners of Public Utilities for the Province of Nova Scotia. Revised rates approved by the Board effective January 1, 1969 resulted in an increase in depreciation expense of approximately $600,000.

(10) **Other Operating Expenses** – principally operating rents, service pensions and employee benefits.

(11) **Other Income** – includes dividends from subsidiary company $144,000, interest income $178,540, less miscellaneous income charges.

(12) **Amortization of Intangible Assets** – amortization of bond discount and premium amounted to $24,285 for 1969 and $19,911 for 1968.

(13) **Miscellaneous Deductions from Retained Earnings** – includes accrued vacation pay at December 31, 1967, with the applicable income tax reduction, amounting to $192,150.

(14) **Charges to Income Requiring Funds** –

Operating Expenses, Fixed Charges and Taxes		$33,470,952
Less Charges not requiring funds –		
Depreciation	$8,230,933	
Deferred Income Tax	1,271,187	
Miscellaneous	195,326	9,697,446
		$23,773,506
Add back credits not producing funds –		
Interest, Pensions & Expenses charged Construction		669,353
Miscellaneous		3,247
		$24,446,106

(15) **Construction Program Expenditures Requiring Funds** –

Gross Additions to Plant		$17,382,565
Cost of Removing Old Plant		364,961
Construction Program Expenditures		$17,747,526
Less Charges not requiring funds–		
Interest, Pensions & Expenses credited to Income	$ 669,353	
Miscellaneous	106,912	776,265
		$16,971,261

(16) **Obligation for Pension Benefits for Past Services** – the value of the Unfunded Pension Benefit Obligation, based on the most recent actuarial valuation of the plan, was $1,633,000 as at December 31, 1969.

This Unfunded Obligation is being satisfied by annual payments of $114,252 which are treated as costs in the current year, with the final payment to be made in June, 1992.

INCOME STATEMENT

For the Year Ended December 31, 1969

(With Comparative Figures for the Year Ended December 31, 1968)

	1969	1968
	$	$
OPERATING REVENUES		
Local Service	19,574,955	18,239,743
Long Distance Service	17,948,927	16,121,997
Miscellaneous (Note 8)	1,089,065	987,857
Uncollectible Operating Revenues	*222,908*	*141,980*
	38,390,039	35,207,617
OPERATING EXPENSES		
Maintenance	6,138,933	5,662,536
Depreciation (Note 9)	8,230,933	6,961,321
Traffic	3,513,980	3,289,159
Commercial and Marketing	1,855,201	1,688,795
Administrative	2,252,635	1,947,008
Other (Note 10)	2,046,073	1,831,901
Taxes (Other than income taxes)	1,192,815	1,103,642
	25,230,570	22,484,362
OPERATING INCOME BEFORE INCOME TAXES	13,159,469	12,723,255
Other Income (Note 11)	264,565	414,920
	13,424,034	13,138,175
FIXED CHARGES		
Bond Interest	2,570,519	2,303,750
Other Interest	346,143	197,092
Amortization of Intangible Assets (Note 12)	41,837	37,464
	2,958,499	2,538,306
INCOME BEFORE INCOME TAXES	10,465,535	10,599,869
INCOME TAXES (Note 6)	5,281,883	5,295,415
NET INCOME FOR YEAR	5,183,652	5,304,454

The accompanying notes are an integral part of the financial statements

S.E.Jefferson
Comptroller

STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31, 1969

(With Comparative Figures for the Year Ended December 31, 1968)

	1969	1968
	$	$
Retained Earnings, Beginning of Year –		
As Previously Reported	11,949,258	10,387,877
Adjustments to Prior Years:		
Deferred Income Tax (Note 6)	911,648	788,410
As Restated	11,037,610	9,599,467
Additions:		
Net Income for Year	5,183,652	5,304,454
Special Refundable Tax	—	503,042
	5,183,652	5,807,496
Deductions:		
Preferred Dividends	105,000	105,000
Common Dividends	4,117,902	4,067,626
Miscellaneous (Note 13)	11,408	196,727
	4,234,310	4,369,353
Retained Earnings, End of Year	11,986,952	11,037,610

AUDITOR'S REPORT

To the Shareholders of
Maritime Telegraph and Telephone Company, Limited:

We have examined the statement of financial position of Maritime Telegraph and Telephone Company, Limited, as at December 31, 1969, and the statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1969

(With Comparative Figures for the Year Ended December 31, 1968)

SOURCE OF FUNDS

	1969 $	1968 $
Internal Sources		
Operations:		
Operating Revenues and Other Income	38,654,604	35,622,537
Less Charges to Income Requiring Funds (Note 14)	24,446,106	22,469,899
Funds from Operations	14,208,498	13,152,638
Salvage and Other Items	921,947	919,158
Special Refundable Tax	–	503,042
Total Internal Sources	15,130,445	14,574,838
External Sources		
Long Term Debt	6,000,000	–
Employees' Stock Savings Plan (Note 7)	667,185	630,684
Total External Sources	6,667,185	630,684
Total Sources of Funds	21,797,630	15,205,522
APPLICATION OF FUNDS		
Construction Program Expenditures Requiring Funds (Note 15)	16,971,261	18,302,731
Dividends	4,222,902	4,172,626
Miscellaneous	246,645	223,513
Total Funds Applied	21,440,808	22,698,870
INCREASE *DECREASE* IN WORKING CAPITAL	356,822	*7,493,348*

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change in accounting for deferred income taxes on minor timing differences explained in note 6 to the financial statements.

Halifax, Canada
February 10, 1970.

Clarkson, Gordon & Co.
Chartered Accountants

NOTES TO FINANCIAL STATEMENTS

(1) **Other Telephone Plant** – land, plant under construction, property held for future use and other non-depreciable items of plant, at cost, including intangible assets of $35,108.

(2) **Investment in Subsidiary** – 144,000 shares (54.1%) of common stock in The Island Telephone Company, Limited, at cost. Statements have not been consolidated because the Company is under the jurisdiction of the Board of Commissioners of Public Utilities for the Province of Nova Scotia, whereas The Island Telephone Company, Limited is under the jurisdiction of the Public Utilities Commission of the Province of Prince Edward Island.

The Company's interest in the increase in the Equity of The Island Telephone Company, Limited since acquisition not reflected in its accounts amounted to $794,455 as at December 31, 1969, including an increase during the year of $24,365.

(3) **Capital Stock** – par value: $10.00 per share

			Shares
Authorized:			5,000,000
Issued:	Common	– as at Dec. 31, 1968	3,719,536
		– issued during year (for $648,079 cash)	47,901
		– as at Dec. 31, 1969	3,767,437
	Preferred	– 7% cumulative	150,000

(4) **Premium on Common Stock** –

Balance at December 31, 1968	$ 13,816,861
Premium on shares issued during 1969	169,069
Balance at December 31, 1969	$ 13,985,930

THE YEARS IN REVIEW

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Financial Position										
1 Construction Program Expenditures	$ 17,748	$ 19,166	$ 21,851	$ 17,956	$ 11,959	$ 12,006	$ 11,465	$ 9,932	$ 7,625	$ 8,198
2 Telecommunications Plant	172,101	159,475	146,281	128,492	114,132	105,137	95,820	85,512	77,651	71,865
3 Per Telephone [1]	639	622	601	565	522	509	485	456	439	430
4 Accumulated Depreciation	42,767	38,490	36,269	33,100	30,245	27,363	24,893	21,786	19,711	17,563
5 Long-Term Debt	52,000	46,000	46,000	36,000	36,000	29,000	29,000	24,000	24,000	24,000
6 Preferred Stock	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
7 Common Equity [2]	63,647	62,050	60,502	51,455	43,566	41,606	36,960	36,206	30,027	29,011
8 Per Common Share [1,2]	16.89	16.69	16.46	16.16	15.54	15.34	15.07	14.94	14.61	14.39
9 Deferred Income Taxes [2]	13,502	12,230	10,834	9,504	8,501	7,626	6,799	5,839	4,908	4,212
Income										
10 Total Operating Revenues	$ 38,390	$ 35,208	$ 32,333	$ 28,571	$ 24,287	$ 22,128	$ 19,981	$ 18,776	$ 17,509	$ 16,209
11 Local Service Revenues	19,575	18,240	16,818	15,061	12,917	12,043	11,301	10,825	10,130	9,440
12 Long Distance Service Revenues	17,949	16,122	14,732	12,778	10,673	9,385	8,018	7,399	6,903	6,533
13 Total Operating Expenses	25,231	22,484	20,720	18,639	16,480	14,910	13,524	12,260	11,377	10,786
14 Employee Expense	10,674	9,508	8,850	7,835	7,142	6,477	5,991	5,510	5,142	4,978
15 Depreciation	8,231	6,961	6,294	5,598	5,008	4,556	4,080	3,509	3,208	2,953
16 Other Operating Expenses	5,133	4,911	4,604	4,315	3,594	3,223	2,853	2,679	2,495	2,343
17 Taxes (Other than Income Taxes)	1,193	1,104	973	890	736	655	600	562	532	513
18 Bond Interest	2,571	2,304	2,168	1,654	1,516	1,269	1,135	994	994	810
19 Other Fixed Charges	388	235	93	106	77	60	51	28	32	30
20 Income Taxes [2]	5,282	5,295	4,774	4,107	3,158	2,952	2,663	2,722	2,581	2,313
21 Preferred Dividends	105	105	105	105	105	105	105	105	105	105
22 Available for Common Dividends [2]	5,079	5,200	4,845	4,196	3,150	2,960	2,684	2,672	2,443	2,260
23 Common Dividends	4,118	4,068	3,557	2,947	2,602	2,416	2,197	2,011	1,828	1,795
24 Pay-Out Ratio [2]	81.0	78.2	73.4	70.2	82.6	81.6	81.9	75.3	74.8	79.4
25 Return on Invested Capital [2]	6.8%	7.0%	7.3%	7.1%	6.2%	6.1%	6.1%	6.4%	6.5%	6.3%
26 Return on Rate Base [2]	5.9%	6.2%	6.5%	6.2%	5.6%	5.5%	5.3%	6.0%	6.1%	5.7%
27 Earnings Per Average Common Share [1,2]	$ 1.36	$ 1.41	$ 1.50	$ 1.41	$ 1.15	$ 1.12	$ 1.10	$ 1.19	$ 1.20	$ 1.13
Other Statistics										
28 Telephones in Service [1]	269,211	256,388	243,502	227,270	218,533	206,752	195,986	187,536	176,853	167,274
29 Percent Dial	90.5%	90.1%	87.9%	87.9%	87.1%	87.3%	86.9%	86.8%	86.1%	84.6%
30 Calls	537,030	508,569	477,515	451,161	419,746	396,467	375,221	361,055	348,319	333,112
31 Long Distance Messages	13,901	13,112	12,158	11,188	10,768	9,821	9,017	8,590	8,033	7,538
32 Miles of Wire	1,220	1,154	1,073	982	861	791	714	657	616	578
33 Percent in Cable	95.0%	93.2%	91.1%	90.9%	89.9%	89.7%	88.9%	88.4%	88.2%	88.3%
34 Salaries and Wages Earned	$ 14,001	$ 12,851	$ 11,852	$ 10,430	$ 9,063	$ 8,349	$ 7,466	$ 6,817	$ 6,227	$ 5,980
35 Employees [1]	2,469	2,474	2,632	2,531	2,340	2,168	2,086	1,915	1,850	1,828
36 Shareholders [1]	12,438	12,297	13,122	12,643	12,597	12,762	12,170	12,359	11,754	11,857
37 Average Common Shares	3,743	3,698	3,232	2,976	2,739	2,636	2,443	2,236	2,031	1,996

[1] except for these items, all figures are in thousands

[2] restated to show applicable adjustment for deferred income taxes (see Note 6)

SMITH
nt
Kay, Ross
Limited

SOBEY
the Board
s Limited

E. STANFIELD
nt
imited

WALLACE
nt-Finance

DIRECTORS

OFFICERS

OPERATIONS

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Board & President
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Planning
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Manager

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Travel Bureau

Financial Position

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5 Long-Term Debt	52,000	46,000	46,000	36,000	36,000	29,000	29,000
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18 Bond Interest	2,571	2,304	2,168	1,654	1,516	1,269	1,135
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20 Income Taxes [2]	5,282	5,295	4,774	4,107	3,158	2,952	2,663
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23 Common Dividends	4,118	4,068	3,557	2,947	2,602	2,416	2,197
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35 Employees [1]	2,469	2,474	2,632	2,531	2,340	2,168	2,086
36 Shareholders [1]	12,438	12,297	13,122	12,643	12,597	12,762	12,170
37 Average Common Shares	3,743	3,698	3,232	2,976	2,739	2,636	2,443

1 except for these items, all figures are in thousands
2 restated to show applicable adjustment for deferred income taxes (see Note 6)

DIRECTORS

GARNET L. ANGUS
President
Angus Fuel and
Transportation, Ltd.
Amherst

***A. GORDON ARCHIBALD**
Chairman of the Board & Presi
Maritime Telegraph &
Telephone Co., Ltd.
Halifax

***DONALD F. ARCHIBALD**
President
Archibald Farms Limited
Port Williams

MELBOURNE R. CHAPPELL
Vice-President
Island Construction
Company, Limited
Sydney

SEYMOUR W. KENNEY
President
Kenney Construction
Company
Yarmouth

OFFICERS

OPERATIONS

***ALEXANDER G. LESTER**
Executive Vice-President
Bell Canada
Montreal

***A. MURRAY MacKAY**
Maritime Telegraph &
Telephone Co., Ltd.
Halifax

***CLARENCE J. MORROW**
Chairman
Ocean Fisheries Ltd.
Lunenburg

***DONALD W. MYERS**
Executive Vice President
Maritime Telegraph &
Telephone Co., Ltd.
Halifax

GEORGE C. PIERCEY
Partner
Daley, Black; Moreira
and Piercey
Halifax

***PERCY J. SMITH**
Vice-President
Pitfield, MacKay, Ross
& Company, Limited
Halifax

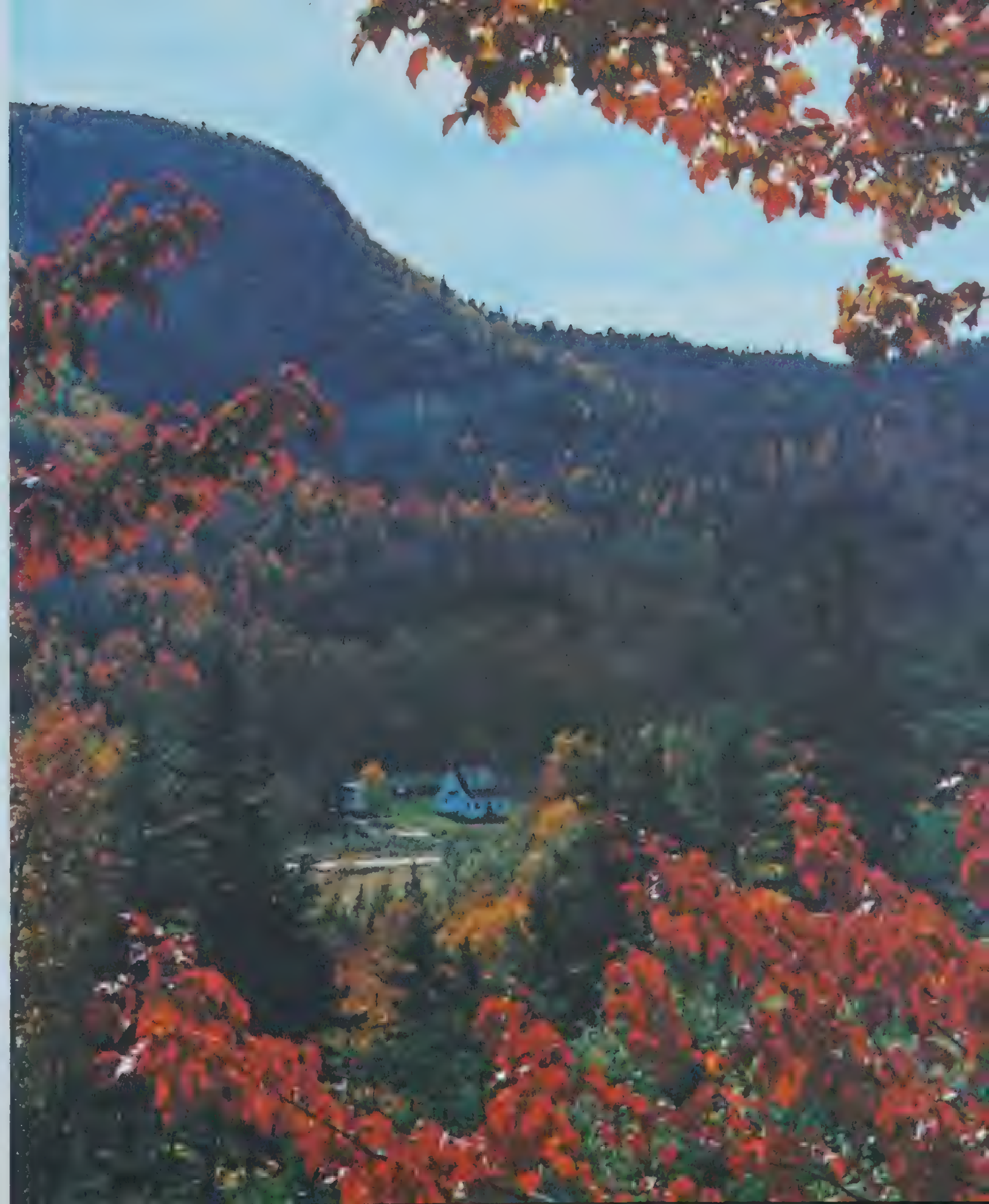
FRANK H. SOBEY
Chairman of the Board
Sobey Stores Limited
Stellarton

***CHARLES E. STANFIELD**
Vice-President
Stanfield's Limited
Truro

GEORGE C. WALLACE
Vice-President-Finance
Bell Canada
Montreal

***Member of Executive Committee**

A. Gordon Archibald	Chairman of the Board & President
Donald W. Myers	Executive Vice President
W. Struan Robertson	Vice President — Operations
Alexander H. MacKinnon	Vice President — Planning
Frederick M. Waller	Secretary and Executive Assistant
Edward J. Hicks	Treasurer
Stephen E. Jefferson	Comptroller
G. Donald Robb	General Plant Manager
Donald L. McEachern	Chief Engineer
D. Nelson Braid	General Traffic Manager
Murray W. Wallace	General Commercial Manager
John R. Gale	General Information Manager
Harry W. Dacey	General Personnel Manager



Company microwave routes now total 197,000 voice frequency channel miles, criss-crossing the entire Province. Latest is through picturesque countryside — exemplified by this scene of Tarbot Vale, Victoria County, Cape Breton — to serve new dial customers at Inverness on Cape Breton's north shore.

photo courtesy Nova Scotia Travel Bureau

MARITIME TELEGRAPH & TELEPHONE COMPANY LIMITED

PART OF
Trans-Canada Telephone System

Printed in Nova Scotia

MARITIME TELEGRAPH AND TELEPHONE COMPANY, LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Maritime Telegraph and Telephone Company, Limited (the Company), will be held in Room 28, Telephone Building, 1520 Hollis Street, Halifax, Nova Scotia, on Tuesday, March 31st, 1970 at the hour of 12 o'clock noon, for the following purposes:

1. To receive and consider the Balance Sheet of the Company as at December 31st, 1969, and the Statements of Income and Retained Earnings for the period ending on the said date together with the reports of the Directors and auditors thereon:
2. To elect Directors;
3. To appoint Auditors;
4. To consider and, if thought fit, to confirm a resolution amending Article 16 of the Company's By-Laws to add the following sub-section:
   Without restricting the generality of the foregoing the Directors may, on behalf of the Company, from time to time borrow money for the purposes of the Company and authorize the execution of bills, note and other obligations as evidence of such borrowing.
5. To transact such other business as may properly come before the meeting.

If you cannot be present, please sign and return the attached proxy in the envelope enclosed for that purpose. Proxies must be filed with the Secretary of the Company at least 48 hours before the time of the Annual Meeting.

By Order of the Board,

F. M. Waller
Secretary

Halifax, N. S.
February 27, 1970

INFORMATION CIRCULAR

(Dated as of February 16, 1970)

This Information Circular is furnished in connection with the request by the Management of Maritime Telegraph and Telephone Company, Limited (the Company) for proxies to be used at the Annual General Meeting of Shareholders called for March 31st, 1970, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. The requests are being forwarded by mail only and the total costs will be paid by the Company.

THE PROXY

The persons named in the enclosed form of proxy are Directors of the Company. A shareholder desiring to appoint some other shareholder to represent him at the meeting may do so either by inserting the other shareholder's name in the blank space provided or by completing another proper form of proxy. In order to be effective a proxy must be delivered to the Secretary of the Company at least 48 hours before the time of the meeting although it may be revoked at anytime before it is exercised. The persons named in the enclosed proxy will vote the shares represented in accordance with the direction of the shareholder where a choice is provided on the proxy form. In the absence of a direction, the shares will be voted FOR the approval of the Financial Statement and the Directors' and Auditor's report, FOR the election of Directors, FOR the appointment of Auditors and FOR the confirmation of the amendment to Article 16 of the By-Laws as these items are explained in this Circular. Although the management of the Company does not contemplate that any further matters will be presented for discussion at the Meeting, the proxy form will permit the person named to vote the shares in his discretion.

VOTING SHARES

The Company has an authorized capital of $50,000,000 which has been divided into 5 million shares of the par value of $10.00 each. There have actually been issued up to February 16, 1970, a total of 3,917,437 shares including 150,000 preferred shares and 3,767,437 common shares. While both the common and the preferred shares carry one vote each the maximum number of shares which may be voted by any one shareholder or any group of associated shareholders is 1,000 and there is, therefore, no person or Company beneficially owning shares carrying more than 10% of the voting rights attached to all the equity shares of the Company.

The proxies must be filed with the Secretary 48 hours before the time of the meeting. The transfer books of the Company will be closed only during the meeting, however, and shareholders will be entitled to vote shares held at the date thereof.

ELECTION OF DIRECTORS

Information about the persons proposed for nomination as Directors is set out in the table on pages 2 and 3. The By-laws of the Company provide that the Board of Directors shall consist of not more than 14 persons. A Director will hold office until the next Annual General Meeting and until his successor is elected unless his office is earlier vacated in accordance with the By-Laws. If it should happen that any of the persons proposed for election as Directors are unable to serve, a circumstance not contemplated at this date, the persons named in the proxy will exercise their discretion in voting for another nominee.

Name	Principal Occupation	Name and Principal Business of Company or Organization
Garnet Lorimer Angus	Businessman	Angus, Fuel & Transportation Ltd., Fuel Sales, Amherst, N. S.
Adams Gordon Archibald	President & Chairman of the Board	Maritime Telegraph & Telephone Company, Limited, Communications, Halifax, N. S.
Donald Frederick Archibald	President	Archibald Farms Limited, Poultry & Farm Produce, Port Williams, N. S.
Melbourne Russell Chappell	Vice-President	Island Construction Limited, Contractors, Sydney, N. S.
Seymour William Kenney	President	Kenney Construction Company Ltd., Contractors, Yarmouth, N. S.
*Alexander George Lester	Executive Vice-President, Corporate Studies	Bell Canada Communications, Montreal, P.Q.
Alexander Murray MacKay	Director	Maritime Telegraph & Telephone Company, Limited, Communications, Halifax, N.S.
Clarence Joseph Morrow	Director	National Sea Products Limited, Fishing & Related Industry, Lunenburg, N. S.
Donald William Myers	Executive Vice-President	Maritime Telegraph & Telephone Company, Limited, Communications, Halifax, N. S.
George Charles Piercey	Barrister	Daley, Black, Moreira & Piercey, Barristers & Solicitors, Halifax, N. S.
Percy John Smith	Vice-President	Pitfield, MacKay, Ross & Company Ltd. Investment Dealers, Halifax, N. S.
Frank Hoyse Sobey	Chairman of the Board	Sobey's Stores Limited, Food Merchants, Stellarton, N. S.
Charles Edward Stanfield	Vice-President	Stanfield's Limited, Textiles, Truro, N. S.
*George Clarke Wallace	Vice-President Finance	Bell Canada Communications, Montreal, P.Q.

*In 1912 the Nova Scotia Legislature by Chapter 218 of the Laws of that year direc
10,000 shares or more in the capital stock of the Company (which it does) it would h
Wallace are therefore being proposed under an agreement with the Management o

l Business ganization	Date Became Director of Company	Shares of the Company held as of February 16, 1970	Shares of Controlled Subsidiary (Island Tel. Co. Ltd.) Held as of Feb. 16, 1970
rtation Ltd., N. S.	May 19, 1966	1,100	Nil
Telephone ifax, N. S.	February 18, 1959	2,562	630
ited, ice,	February 27, 1961	1,510	1,766
imited, N. S.	February 19, 1947	163	Nil
Company Ltd., n, N. S.	March 19, 1965	170	Nil
ntreal, P. Q.	November 17, 1966	100	Nil
& Telephone ifax, N. S.	November 17, 1948	5,722	1,000
ts Limited, dustry,	December 30, 1948	1,246	480
& Telephone ifax, N. S.	September 1, 1963	2,209	100
& Piercey, , Halifax, N. S.	March 22, 1968	225	Nil
ss Halifax, N. S.	February 19, 1957	2,339	1,600
ed, llarton, N. S.	February 25, 1964	643	Nil
	February 1, 1951	490	Nil
ontreal, P. Q.	November 16, 1967	100	Nil

hat year directed that so long as the Bell Telephone Company of Canada Limited owned
pes) it would have the right to nominate and appoint two Directors. Messrs. Lester and
Management of the Bell Telephone Company of Canada Limited.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The total aggregate direct remuneration paid or payable during the fiscal year ended December 31, 1969, to the Directors and Senior Officers of the Company is:

A. To all Directors, the sum of	$ 22,680.00
B. To the Senior Officers, the total sum of	$ 152,931.00
Total	$ 175,611.00

Current securities legislation defines Senior Officers of the Company as the President & Chairman of the Board, Executive Vice-President, Vice-President — Operations, Vice-President — Planning, Secretary & Executive Assistant, Treasurer and General Commercial Manager.

The total aggregate direct remuneration paid or payable during the fiscal year ended December 31st, 1969, to the Directors and to the Senior Officers of the Company by the Company's controlled subsidiary, The Island Telephone Company, Limited (The Island Company), is:

A. To the Directors, the total sum of	$5,100
B. To the Senior Officers, the total sum of	Nil
Total	$5,100

The total direct remuneration paid or payable, therefore, to all the Directors and to the Senior Officers during the past fiscal year by both the Company and its subsidiary is $180,711.00.

The Company, during the year ended December 31, 1969, expended an estimated total amount of $7,647 on account of pension benefits for its Senior Officers, assuming retirement at the normal retirement age. There was no cost on account of pension benefits for any of the Company's Directors (except for Senior Officers who are also Directors) and The Island Company made no contribution for pension benefits for either the Directors or the Senior Officers of the Company.

OPTIONS FOR THE COMPANY'S STOCK

The Company permits employees, including the Senior Officers, the option of accumulating a maximum of 10% of basic salary in a special account for the purpose of purchasing common shares at a preferred price. The price, calculated in accordance with the formula approved by the Public Utility Board of Nova Scotia for the period July 1, 1968 to July 1, 1969, was $13.53 per share. At the end of that period the Senior Officers, as a group, purchased 1,337 common shares. During the month of June, 1969, the listed market price of the common stock of the Company ranged between a low of $18.00 and a high of $18.625.

AUDITORS

The proxies received pursuant to this solicitation will be voted by the management nominee in favour of the appointment of Clarkson, Gordon & Co. as auditors at a remuneration to be fixed by the Board of Directors.